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## ***“Virginia Local Tax Insight” Project and Database Proposed Scope of Work***

Prepared by the Virginia Center for Urban Development  
at the VCU Center for Public Policy - Virginia Commonwealth University

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### **PROJECT OVERVIEW:**

The Virginia Center for Urban Development (VCUD) plans to develop a process for identifying potential tax changes when they are being considered by the Commonwealth’s localities. These may include machinery and tools taxes; business license fees (BPOL); franchise licenses; lodging, sales, and meals taxes; taxes on cigarettes and tobacco; and more. While there are existing systems that monitor taxation issues at the state level, there is not a statewide method for monitoring potential tax changes at the local level. Through its research, VCUD will provide detailed information about proposed local tax changes, track actions that are being made at the local level pertaining to these potential changes, and record the outcome of locality’s decision about the tax. This information will be maintained in a database that VCUD is developing for the Virginia Industry Foundation (VIF).

### **RESEARCH PLAN:**

To collect data on proposed taxes, VCUD will monitor on an ongoing basis all 324 local entities with the authority to implement taxes, including 95 counties, 39 independent cities, and 190 incorporated towns. Some localities may agree to send VCUD a notice about potential tax changes as they are making the required official notification to a local newspaper. For other localities, data will be obtained using multiple methods – monitoring the meeting agendas of the tax-setting groups, conducting thorough searches of locality’s website, reviews of local media, and direct conversations with the locality leaders.

VCUD intends that this project will continue for many years. The initial development of the project will include the following components:

- Develop protocol for tracking proposed taxes and fees in Virginia at the locality level (to include independent cities, counties, and incorporated towns);
- Identify the key set of taxes and fees that will be monitored and tracked, in partnership with VIF and other stakeholders;

*continued*

- Develop a database to record new taxes and fees that are proposed at the locality level; and
- Develop a website that will interface with database and allow external clients to access information related to the prospective taxes/fees as they come up.

## **TIMELINE:**

A detailed project timeline will be developed upon approval of the final scope of work, though the following timing is anticipated for the initial phase of the project:

### **Project Creation Phase**

*Proposed timeframe: 6 months*

Development of the process to track local taxes ..... Oct. '10 – Jan. '11

- Identifying data resources
- Creating methods to effectively track tax information
- Determining information that will be monitored and how it would be accessed in the database

Programming for the database and website ..... Nov. '10 – Mar '11

- Designing and programming of the customized database
- Designing and programming of the website used to access local tax information and the database

Presentation of completed process to VIF and its stakeholders ..... April '11

## **PROJECT BUDGET:**

The fee to create and prepare the database for this project is \$55,000. VCUD can begin work on this project once \$25,000 is available from the VIF and its partners, and after an agreement has been signed between the VIF and the University.

Tracking local tax data and maintaining the database will cost an additional \$15,000 to \$20,000 per year. It is anticipated that the ongoing monitoring of localities can begin in April 2011. A separate contract for this phase of the project will be developed and implemented with VIF.